

WEIL, GOTSHAL & MANGES LLP  
Stephen Karotkin (*pro hac vice*)  
(stephen.karotkin@weil.com)  
Ray C. Schrock, P.C. (*pro hac vice*)  
(ray.schrock@weil.com)  
Jessica Liou (*pro hac vice*)  
(jessica.liou@weil.com)  
Matthew Goren (*pro hac vice*)  
(matthew.goren@weil.com)  
767 Fifth Avenue  
New York, NY 10153-0119  
Tel: 212 310 8000  
Fax: 212 310 8007

KELLER & BENVENUTTI LLP  
Tobias S. Keller (#151445)  
(tkeller@kellerbenvenutti.com)  
Jane Kim (#298192)  
(jkim@kellerbenvenutti.com)  
650 California Street, Suite 1900  
San Francisco, CA 94108  
Tel: 415 496 6723  
Fax: 650 636 9251

*Proposed Attorneys for Debtors  
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION**

**In re:**  
**PG&E CORPORATION,**  
**- and -**  
**PACIFIC GAS AND ELECTRIC**  
**COMPANY,**  
**Debtors.**

- ☐ Affects PG&E Corporation  
☒ Affects Pacific Gas and Electric Company  
☐ Affects both Debtors

*\* All papers shall be filed in the Lead Case, No. 19-30088 (DM).*

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11  
(Lead Case)  
(Jointly Administered)  
[Re: Docket Nos. 769, 770 and 986]

**REPLY IN SUPPORT OF MOTION OF DEBTORS  
FOR AUTHORITY TO CONTINUE  
PERFORMANCE UNDER PREPETITION  
SETTLEMENT AGREEMENT WITH BUTTE  
COUNTY DISTRICT ATTORNEY'S OFFICE TO  
FUND ENHANCED FIRE PREVENTION AND  
COMMUNICATIONS PROGRAM**

Date: March 27, 2019  
Time: 9:30 a.m. (Pacific Time)  
Place: United States Bankruptcy Court  
Courtroom 17, 16th Floor  
San Francisco, CA 94102

PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this reply in support of the *Motion of Debtors Pursuant to 11 U.S.C. §§ 363(b) and 105(a) for Authority to Continue Performance Under Prepetition Settlement Agreement with Butte County District Attorney’s Office to Fund Enhanced Fire Prevention and Communications Program* (the “**Butte County Settlement Motion**”) scheduled to be heard by the Court at the omnibus hearing on March 27, 2019.

The Debtors filed the Butte County Settlement Motion to authorize the Utility to continue performance under that certain Settlement Agreement and Mutual Release, dated October 4, 2018, between the People of the State of California represented by the District Attorney of Butte County, California and the Utility (the “**Settlement Agreement**”). Pursuant to the Settlement Agreement, the Utility agreed to provide funding to Butte County for an Enhanced Fire Prevention and Communications Program (the “**Program**”) to be run and administered by the Butte County Fire Department. To fund the Program, the Utility agreed to pay the sum of up to \$1.5 million (of which no more than \$1 million remains to be paid) to be used, among other things, for the purposes of hiring inspectors, purchasing and funding inspection vehicles and a trailer, paying for related office equipment, and funding other expenses related to the Program.

The Singleton Law Firm Victim Claimants (the “**SLF Claimants**”) filed a limited objection to the Butte County Settlement Motion on March 20, 2019 [Docket No. 986] (the “**Objection**”). Notably, the SLF Claimants support the relief requested in the Butte County Settlement Motion. The SLF Claimants assert, however, that the Court should nevertheless deny approval of the Butte County Settlement Motion unless the Court requires the Debtors to immediately pay the prepetition claims of the SLF Claimants that were settled by the Debtors prior to the Petition Date (the “**Prepetition SLF Claims**”). The SLF Claimants Objection also raises theories of constructive trust regarding certain insurance proceeds received by the Debtors. SLF Claimant Objection at 7-8: 23-21.

The SLF Claimants previously objected to the Debtors’ motion seeking approval of their proposed debtor-in-possession financing (the “**DIP Motion**”) on these same grounds, among others, seeking to condition approval of the DIP Motion and the Debtors’ ability to borrow under their proposed

DIP financing on the immediate payment of the Prepetition SLF Claims. *See Objection to Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 362, 363, 364, 503, and 507, and Fed. R. Bankr. P. 2002, 4001, 6003, 6004, and 9014 for Interim and Final Orders (i) Authorizing the Debtors to Obtain Senior Secured, Superpriority, Postpetition Financing, (ii) Granting Liens and Superpriority Claims, (iii) Modifying the Automatic Stay, (iv) Scheduling Final Hearing, and (v) Granting Related Relief* [Docket No. 804], at 5-8: 23-21. In overruling their objection to the DIP Motion, the Court observed the lack of a linkage between the SLF Claimants' requested payment and the DIP Motion, and that if the SLF Claimants believed they had valid theories of constructive trust, they should "tee up the motion as a *separate motion* and ask and make that case." 3/13/19 Hr'g Tr. 79-80: 24-1 and 81:12-13 (emphasis supplied).

As stated, the SLF Claimants have no objection to the relief requested in the Butte County Settlement Motion and no other parties in interest have filed any objection to such Motion. To the extent the SLF Claimants wish to seek relief to have their prepetition tort claims paid before all other prepetition tort claims, they should proceed by motion, on appropriate notice, so that the Debtors and all other parties in interest have the opportunity to respond and the Court can hear it and consider any such motion in the proper procedural context.

The Debtors respectfully request that the Court overrule the Objection and grant the relief requested in the Butte County Settlement Motion as a proper exercise of the Debtors' business judgment and in the best interests of their estates, creditors, shareholders, and all parties in interest.

Dated: March 24, 2019

**WEIL, GOTSHAL & MANGES LLP**

**KELLER & BENVENUTTI LLP**

By: /s/ Jane Kim  
Jane Kim

*Proposed Attorneys for Debtors  
and Debtors in Possession*